

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 39 – September 23 to September 29, 2019



Companies Act 2013 during the week

Rules - 0; Circulars - 0; Notifications – 0; Orders- 0; Important Notices – 0;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
NIL				

S. No	NEWS ON MINISTRY OF CORPORATE AFFAIRS
1.	Form SPICe, BEN-2 and INC-23 have been revised on MCA21 Company Forms Download. Stakeholders are advised to check the latest version before filing.
2	The time limit for filing Form BEN-2 has been extended to 31 st December 2019 without additional fee.
3	Companies are requested to file their financial statements and annual returns at the earliest to avoid last minute rush and MCA is said to prioritize resolution of all queries received with regard to the same.



SEBI during the week

**Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0;
Master Circulars-0; Circulars – 2; Press Release –0; Others -0;**

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	24.09.2019	Circular	Valuation of money market and debt securities	SEBI vide various circulars prescribed the guidelines on valuation of money market and debt securities. In order to align these guidelines with best market practices and improve the robustness of valuation of these securities, it has taken certain decisions.
2	26.09.2019	Circular	Position limits in Interest Rate Derivatives	It has been decided to review the extant position limits in Interest Rate Derivatives as under: (i) Banks and Primary Dealers dealing as clients shall have same position limits as are applicable to Trading Members. (ii) Institutions belonging to Category I and II FPIs (i.e. other than individuals, family offices and companies) shall have same position

				<p>limits as are applicable to Trading Members, whereas non-institutions belonging to Category II FPI (i.e. individuals, family offices and companies) shall have same position limits as are applicable to clients.</p> <p>(iii) Position limits have been revised for Interest Rate Derivatives falling in 8-11 years residual maturity bucket. The revised position limits for all the buckets shall be as disclosed in the said circular.</p>
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S. No	NEWS ON SECURITIES EXCHANGE BOARD OF INDIA
1	<p>SEBI amended the following regulations:</p> <ol style="list-style-type: none"> Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2019 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2019 Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
2	<p>Market regulator SEBI has pulled up SBI Life insurance for not complying with minimum public shareholding (MPS) norms and directed the insurer to be cautious in the future.</p> <p>SBI Life started as a 74:26 joint venture between public sector lender SBI and BNP Paribas Cardif of France.</p> <p>"The company and BNP Cardif may note that the dilution of shareholding beyond the permissible limit is not in compliance with provisions of the said circular and hence, such dilution would not be counted towards achieving MPS threshold," SBI Life said in a regulatory filing quoting the letter of Securities and Exchange Board of India (SEBI).</p>
3	<p>Markets regulator SEBI has come out with new norms that make it mandatory for companies to provide details on delayed loan repayments and possible defaults to credit rating agencies amid concerns over banks citing 'client confidentiality' to resist sharing of such information by their borrowers.</p>

	The new framework would enable credit rating agencies (CRAs) to get timely information on possible defaults.
4	Markets regulator SEBI said it will soon take a view on a proposal to reduce the time taken for rights issues to around 31 days. Besides, the market watchdog is in the process of taking steps to further strengthen the framework for alternative investment funds (AIFs).

3

RBI during the week

Notifications - 1; Master Directions – 0; Master Circulars – 0; Circular - 0;

Press Release – 0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	25.09.2019	Notification	Agency Commission- Furnishing reconciliation certificate	It is now been decided that agency banks while claiming agency commission may submit the certificate (annex B to the circular) duly certified by Chartered Accountants or by Cost Accountants. Revised Annex B is enclosed to the circular. There is no change in Annex A of Circular No RBI/2019-20/21 DGBA.GBD.No.5/31.02.007/2019-20 dated July 31, 2019 and other usual Certificate from ED / CGM (in charge of government business) to the effect that there are no pension arrears to be credited / delays in crediting regular pension / arrears thereof.

S. No	NEWS ON RESERVE BANK OF INDIA
1	<p>The Reserve Bank of India has ordered Punjab and Maharashtra Co-operative (PMC) Bank not to do any business for six months and capped depositor withdrawals at Rs 1,000, throwing the lives of thousands of traders, self-employed and daily wage earners into disarray. The regulator has also appointed an administrator for the bank.</p> <p>Defaults appear to have surged in the past six months amid tight economic conditions and some lumpy loans to real estate companies located in the financial capital that turned sour, making it difficult for the bank to meet its commitments.</p>

4

IBC during the week

**Notifications - 0; Master Directions – 0; Master Circulars – 0; Circular – 0;
Press Release – 0;**

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1	Provisional list of IPs prepared in accordance with Guidelines for Appointment of IPs as Administrators under the SEBI (Appointment of Administrator and Procedure for Refunding to the Investors) Regulations, 2018 for appointment as Administrator for a period from 1st October 2019 to 31st March 2020
2	Dewan Housing Finance is facing another legal threat as select bond investors have begun the process of filing application with the Debt Recovery Tribunal (DRT), a dedicated court to recover money due to banks and financial institutions. Catalyst, the trustee or custodian of those non-convertible debentures under public issue, is acting on behalf of investors. Catalyst Trusteeship (CTL) has initiated the process of filing of application with Debt Recovery Tribunal, Mumbai in respect of all three public issues.
3	The Ministry of Corporate Affairs (MCA) has defended all the amendments made to the Insolvency and Bankruptcy Code (IBC) in a submission made to the Supreme Court (SC). One of the most contentious issues is related to 330-day deadline set for resolution of insolvency applications, including the time taken for litigation, which has been challenged by operational creditors.

	The MCA has told the apex court that processes of corporate insolvency resolution are time-bound and if it does not adhere to the time-limit then the viability of the process is over.
4	In a ruling upholding the prevalence of the Insolvency and Bankruptcy Code (IBC) over the Prevention of Money Laundering Act (PMLA), the appellate authority of the PMLA has released some properties, belonging to PMT Machines, a subsidiary of debt-laden Sterling Biotech, attached by the Enforcement Directorate (ED). The Resolution Professional (RP) of PMT Machines had approached the appellate authority with a plea that the properties were incorrectly attached by the ED as they had been acquired before the “alleged commission of offences and charges were created prior to the date of alleged offences”.
5	A lenders’ panel approved the resolution plan of Adani Ports and Special Economic Zone Ltd (APSEZ) to buy the debt-laden Dighi Port under the bankruptcy law, paving the way for billionaire Gautam Adani to add to a string of acquisitions this year. More than 99 per cent of the votes of the committee of the creditors were in favour of Adani Ports, according to people aware of the matter, giving the company overwhelming backing for buying the \$13 billion company and marking its entry into the lucrative state of Maharashtra with its 11th port in the country.
6	The government will soon come up with detailed guidelines for regulators and tax authorities to protect the winning bidders in Insolvency and Bankruptcy Code (IBC) cases against the reopening of claims and threat to the assets acquired by them. The Ministry of Corporate Affairs (MCA) has received several representations from companies such as JSW Steel and Tata Steel regarding issues that cropped up after the closure of the IBC process. The ministry is also looking at the best course of action to ensure the assets of companies under probe are not attached.

S. No	GENERAL NEWS
1	In the latest move to boost MSME sector in India, the Central govt is mulling contributing 10% of funds to the small companies looking to raise equity capital by venturing into capital markets, Union minister Nitin Gadkari said. “We have sent a proposal to the finance ministry so that MSMEs can raise money just like large companies,” Nitin Gadkari said at 16th Global SME Summit in Delhi. The government is also looking at resolving the funding issue for MSMEs and has been in constant touch with global financial organisations like BRICS to secure finances for Indian MSMEs, he added.
2	The task force on direct tax code (DTC) has recommended abolishing dividend distribution tax (DDT) with a view to promote investment. The dividend distribution tax is a surrogate tax and it hinders foreign direct investment inflows. Dividends paid by a domestic company are subject to dividend distribution tax at 15 per cent of the aggregate dividend declared, distributed or paid. The effective rate is 20.35 per cent, including a 12 per cent surcharge and a 3 per cent education cess.



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